

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Simplex Nails, Inc.

Georgia Manufacturing Extension Partnership

Simplex Nails Hammers Out A Lean Strategy For Success

Client Profile:

Simplex Nails, located in Americus, Georgia, is a manufacturer of cap nails and fasteners. The company, founded in 1958, currently employs 28 people.

Situation:

Simplex Nails encountered seemingly unbeatable industry competition from manufacturers of imported nails. Struggling to become profitable again, the manufacturer resorted to buying some imported nails for resale and limiting its own production, sadly surrendering its slogan: "Made in America."

Unfortunately, faulty forecasting methods left Simplex with inventory that it couldn't sell, and reduced demand for the company's product caused Simplex to founder under unrecoverable fixed overhead costs. Now determined to struggle back to profitability, Simplex Nails contacted the Georgia Manufacturing Extension Partnership (GA-MEP), a NIST MEP network affiliate, for assistance.

Solution:

After studying financial data to determine product costs and target areas of improvement, GA-MEP showed Simplex Nails it could not only reduce purchases of imported nails, but also begin manufacturing them again--thus helping recover fixed overhead costs and minimizing manufacturing losses. By switching from a "forecasting" production method to a "made to customer order" method--essentially from a "push" to a "pull" system--the company could succeed and prosper. GA-MEP also explained lean manufacturing techniques which, when applied, reduced throughput time that made Simplex's conversion to the pull system possible.

Simplex Nails now fills all of its customer orders by manufacturing the items itself, no longer reselling imported finished goods. Additionally, the changes have led the company to save 52 percent in inventory costs over the past year without downsizing a single employee. About 80 percent of production is now "made to customer" orders compared to the previous 100 percent forecasting methods.

Results:

Converted to 80 percent custom order production.

No longer reselling imported goods.

Saved 52 percent--more than \$534,500--in inventory costs over the past year.

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Saved 28 jobs.

Freed 20 percent of plant space for future production growth.

Reduced raw material inventories by 48 percent.

Reduced work-in-process by 57 percent.

Reduced finished goods inventories by 45 percent.

Testimonial:

"We are cross-training and communicating with the people on the floor daily. Everyone is grasping ideas of lean manufacturing and jumping on board. [I would advise other companies in need of assistance to] be open-minded enough to let the Georgia Manufacturing Extension Partnership come in and evaluate the business. Let them tell you what they can do for you."

Jeff Kurtz, Plant Manager